

**Annual Agricultural Law Symposium
Savannah, Georgia
Friday, October 13, 2006**

**Thomas C. Dorr
Under Secretary for Rural Development
Remarks:
“New Rural Development Initiatives”**

Good morning. It is a distinct pleasure to be with you today. I had the opportunity to catch up with Bill Bridgeforth this morning at breakfast – it’s always great to talk with Bill when his meter’s not running.

But seriously, I AM a lifelong farmer, and Bill has been a big help to me on a number of questions. So I do understand and appreciate the important role you play on behalf of America’s farmers and rural communities.

I am grateful for this opportunity to discuss new initiatives and directions in rural development.

(Mentions David Grahn with USDA-RD)

I flew in last night from St. Louis, where I spent the earlier part of this week at a major conference, jointly sponsored by USDA and the

Department of Energy. The conference was entitled “Advancing Renewable Energy: An American Rural Renaissance.”

Perhaps at least a few of you were there, or perhaps you saw the coverage of the President’s remarks yesterday.

In any event, “Rural Renaissance” is not too strong a phrase for the extraordinary new opportunities we enjoy today. It was the theme of our proceedings in St. Louis, and it is very much at the heart of what I have to say.

Our mission at USDA Rural Development is to increase economic opportunity and improve the quality of life in rural communities. It says so right on our letterhead and signage. That makes it official.

But in the broad scheme of things, it is your mission too, and we are proud to be your partners in making rural America a better place to live and work.

My message today is simple. We are on the verge of a remarkable new era of opportunity in rural America. (Mentions Mary Thompson, Farm

Foundation) Renewable energy is a part of it. Broadband is a part of it. Economic diversification, new products, and new markets are parts of it. All of us are a part of it.

And I firmly believe that all of us ... whether we're corn growers or cattlemen ... small town bankers or main street businessmen ... ag lawyers or anyone else who lives and works in rural America ... need to reorient ourselves to the new opportunities that are unfolding today.

Let me establish some parameters. Most of this may be familiar to you, but I think it's still useful to get us all on the same page.

- Our world has changed almost beyond recognition. Not so long ago, one could still say “rural” and mean “farm.” But no more.
- Today 60 million people live in rural America ... and 58 million of them don't farm.
- There are slightly more than 2 million farms in the United States – but about 200,000 of them produce 75% of total output.

- Including all the farms, large and small, over 80% of farm household income – in some recent years, as much as 95% -- is earned off the farm.
- As the American Farm Bureau put it in its MAPP Report last year, farmers are now more dependent on rural communities than rural communities are dependent on farmers.

I think that's a very apt way of putting it – and I am, just for the record, a lifelong Iowa corn farmer who says so. Farming obviously remains a vital industry. But farming is simply no longer the economic driver in most of rural America today. The plain fact is, 96% of total rural income and virtually all rural job growth is non-farm.

I submit to you – if we are committed to the future of rural communities and if we want to be relevant to the issues of today – that we must broaden our horizons to the emerging opportunities beyond the farm.

So If I may appeal to your entrepreneurial instincts, this is most certainly a market worth pursuing.

USDA's Farm Balance Sheet estimates net farm equity at \$1.4 trillion.

You can make a good living playing in that sandbox. But at the same time

– if you stay in that sandbox – you will be missing the main opportunity.

To illustrate the point, let me share some of our discussions from St.

Louis with you. This was a renewable energy conference so let's begin

there:

- **America's total bill for oil imports this year will be north of \$300 billion. That's larger in value than total farm production, which USDA for this year is projecting at \$273 billion.**
- **That's worth repeating. Our bill for oil imports will exceed the entire value of every ear of corn, pound of beef and gallon of milk ... every egg, tomato, and peanut ... every bale of cotton and bushel of wheat grown in the United States.**
- **The United States currently imports about 5 billion barrels of oil or oil products a year. If we can displace just ONE billion barrels – about 20% of our imports – with biofuels, that's a new market for American farmers larger than current net farm income.**

- **When we look at renewable energy, we're therefore not just talking about a new market. We're talking about a new market bigger than all of American agriculture today.**
- **This isn't a hypothetical. We're going after that market hard. U.S. ethanol production has increased nearly five-fold in 6 years.**
- **For biodiesel the growth curve is even more astonishing. From 2 million gallons in 2000, we've reached 245 million this year. When all the plants currently under construction come online, U.S. biodiesel capacity will reach 2 BILLION gallons a year.**
- **From 2 million to 2 billion gallons – this begins to concentrate the mind. Obviously, a growth rate like that reflects a low baseline, but just as clearly, this is an industry building out very rapidly.**
- **And every new plant that comes online translates into a new market for farmers, new jobs, new tax base, and a ripple effect across the entire community. (Lord knows how many permits)**

- **Even bigger opportunities are on the horizon. When cellulosic ethanol becomes economic, we have the potential to displace a third of total U.S. gasoline consumption with biofuels. Some estimates we heard in St. Louis are even more aggressive.**

These are just some of the opportunities we discussed this week. There are others. Wind and solar power have enormous potential. Renewable energy by itself is the greatest new opportunity for rural wealth creation in our lifetimes. And as large as it is, renewable energy is just part of the American Rural Renaissance.

Rural America continues to diversify. Broadband, for example, represents the greatest decentralization of information since the invention of the printing press.

It gives every rural community, entrepreneur, and small business access to national and global markets.

It makes rural communities more competitive as places to live and work.

It also permits a radical decentralization of large organizations – and as rigid, centralized organizations give way to distributed networks, rural communities stand to gain.

These too are not hypotheticals. I see the effects everywhere I go: the rural entrepreneurs, the new startups, the new rural hospitals, distance learning and telemedicine facilities, the web-based businesses ... and everywhere you look, renewable energy projects popping up like mushrooms across the countryside.

The American Rural Renaissance involves all of these things -- and it affects us all. For example, you have a conference track scheduled for tomorrow: “Career Opportunities in Agricultural Law: Is the Grass Really That Green on the Other Side of Law School.”

I would submit to you -- and to any young person considering a career in (rural) agricultural law -- that the grass is plenty green right at home if we broaden our horizons to these new opportunities.

We're doing that at USDA Rural Development. We are an investment bank for rural America with current portfolio of \$93 billion invested in rural infrastructure, housing, community facilities, and businesses.

In 2006, we provided approximately \$18 billion in additional investment in rural communities – roughly three times the level of a decade ago.

We are reorienting our programs towards sustainable, market based development. This is good development strategy. It is also driven by federal credit reform, which creates a powerful incentive for shifting from grants to leveraged partnerships with local entrepreneurs.

Last but not least, in addition to our direct investment, we have recently launched a major new research initiative to further encourage an entrepreneurial climate in rural America. Let me tell you why.

- We are studying new business models to facilitate local ownership.**
- We are examining new investment models to facilitate the aggregation of local capital. We do not seek to restrict outside**

investment at all, but we do want local investors to be able to stay in the game.

- We are looking at regulatory and infrastructure issues to remove artificial barriers to new industries.**
- And we're tackling issues surrounding the integration of distributed networks, as with wind and solar power, into legacy systems.**

All of these are areas where your expertise and leadership can play an important role. That in a nutshell is why I am here.

I firmly believe this is the greatest new opportunity for investment, new jobs and wealth creation in rural America in our lifetimes.

But we won't realize these opportunities unless we are willing to wean rural America from a program orientation to an entrepreneurial, market orientation. That is our challenge.

Your leadership, your vision, and your skills can and should play a central role in preparing American agriculture for this exciting new chapter. This is an historic opportunity. We look forward to working with you to make it a reality.

Thank you.